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[Harrisburg, Pa.?]

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ADDRESSES

ON THE

FINANCIAL QUESTION

BY

Charles Heber Clark and Charles Emory Smith.

Delivered before the Legislature of Pennsylvania at Harrisburg,
April 9th and 10th, 1895.

CLARENCE M. BUSCH,
STATE PRINTER OF PENNSYLVANIA.
1895.



In the Senate,
May 28, 1895.

Resolved, That the chief clerk be directed to have printed for the use of the Senate, twenty thousand copies of the pamphlet containing the addresses on the financial question of Charles Heber Clark and Charles Emory Smith.

Adopted, May 28, 1895.

E. W. SMILEY,
Chief Clerk of the Senate.



AMERICAN BIMETALLISM AND BRITISH GOLD MONOMETALLISM:

AN ADDRESS BY

CHARLES HEBER CLARK,

Secretary of the Manufacturers' Club of Philadelphia.

DELIVERED IN THE SENATE CHAMBER OF PENNSYLVANIA, HARRISBURG, PA.,
APRIL 9, 1895, AT 8 P. M. LIEUTENANT GOVERNOR LYON INTRODUCED THE
LECTURER OF THE EVENING.

Mr. Clark, said:

Mr. Chairman, Ladies and Gentlemen: By your kind courtesy I come here to-night to address you, not as a "silverite" or as an advocate of any plan for debasing the currency, but simply as an American citizen to offer a plan for the restoration of that system of bimetallism which was bequeathed to us by our fathers. The application to American bimetallists of opprobrious names, and the accusation so frequently made against men who are, I dare aver, as honest as their accusers, that they desire to inflict unsound money upon the country and to undermine the credit of the government are parts of that policy of calumny and misrepresentation with which the British gold standard has so long been maintained in the United States.

It is reported that the distinguished gentleman who is to address you in this capitol to-morrow night will reply to me; and that, in replying, he will present an argument in favor of "sound money." But who has spoken, or who will speak, in favor of unsound money? And what man, important enough to be responsible for his words, will be so bold as to intimate that the thousands of eminent bimetallists in this country and in Europe—statesmen, financiers, scholars and business men, entertain a purpose to degrade the character of the currency or to involve in dishonor the governments to which they owe allegiance?

False and base as such accusations are, they are not more false or more base than the charge, oft-repeated, that American bimetallists desire to place the nation upon a silver basis. I venture to make the assertion, and I make it with most earnest confidence, that there is not within the confines of the United States one intelligent man who proposes such a conclusion. Many men there are,

men of spotless integrity and unimpeachable patriotism, who would prefer silver alone to gold alone; but, without exception, so far as my information goes, all of these persons desire neither one metal nor the other, by itself. What they wish for and strive for is that we shall have both metals together under the system of the double standard. Their purpose has been clearly expressed in an utterance made in another place. It is this:

"The American people, from tradition and interest, favor bimetallism, and the Republican party demands the use of both gold and silver as standard money."

Are those words familiar to you? They appear in the National platform adopted by the Republican party at Minneapolis in 1892. I stood upon that platform then; I stand upon it now. I trust that an opportunity will be given me to stand upon a similar platform in 1896. And when the accomplished gentleman from Philadelphia shall come to you to-morrow night to charm you with eloquence which I cannot hope to rival, inquire of him, I beg of you, how he is able to reconcile his presumed loyalty to the Minneapolis platform with his appearance here as the champion of British gold monometallism. Or, if he shall say, as perhaps he will, that he favors the complete restoration of bimetallism but is unwilling to attempt the task until we can obtain from England permission to do so, ask him, if you please, how long he will consent to wait for such permission. Will he agree to wait forever, if Englishmen shall declare that wait forever he must? And inquire further of him, I entreat you, if he regard such a policy as worth of a nation so great as ours.

The man who expresses a wish for the restoration of bimetallism by any means necessarily surrenders completely the whole case for the gold standard. For if the American people do indeed suffer from grievances which may be redressed by such restoration, and, if those grievances be of a nature so serious and lamentable as to warrant us in overthrowing our existing monetary system by international action, then they are serious enough to afford justification for an effort to obtain relief, not by waiting patiently as an humble suppliant for the favor of foreigners, but by a positive and resolute exercise of our own authority.

Not only has this great cause been misrepresented by its open enemies and its pretended friends, but it has not been permitted to have a fair hearing. Men have been prevented from expressing their sentiments in its favor by a kind of terrorism for which I can discover no counterpart but in the conditions that existed before the civil war, when our Southern masters insisted that no man should speak against human slavery. Discussion of the so-called silver question has been prevented by some potent influence which has intimidated politicians, newspapers and business men, so that even

now many men who would rejoice to give cordial support to the good cause refrain and hold their peace. A strange condition of things, indeed, to prevail in a land wherein men are thought to have indisputable right to free opinion and free speech! But, when we see the Treasury of this rich and splendid country, solely because it is conducted under the system of gold monometallism, compelled to sue for protection to British bankers, and to pay them millions of dollars of the people's money for protecting it for less than one year, I ask if it be not time for men who are truly solicitous for the honor of their country to speak out in terms of indignant protest against the dishonor thus put upon it, and against the evil system that has brought us to such humiliation? To try to perform such a service I have come here to-night, and, if you will listen patiently to what I have to say, I trust I may be able to demonstrate to you that the cause for which I plead—the cause of bimetallism—rests upon a basis of equity and righteousness.

THE FALL OF PRICES.

The most remarkable phenomenon of our time is that decline of the prices of staple commodities which has been in almost uninterrupted operation for more than twenty years and which has resulted in a shrinkage of values and a consequent extermination of wealth that cannot be contemplated by judicious men without alarm.

A few examples must serve to indicate and illustrate the total movement.

Two years ago wheat was worth about 73 cents a bushel; in October last it was worth about 53 cents. Cotton, two years ago, was worth 8½ cents a pound; lately it was sold as low as 6 cents. Silver, two years ago, was worth 82 cents an ounce; recently it could be bought for 62 cents.

The destructive nature of this decline may be estimated from one other fact. The ordinary wheat-product of the State of Pennsylvania is about 18,000,000 bushels a year. In 1877 the Pennsylvania crop of 18,000,000 bushels was valued at \$24,750,000. If the crop of last year amounted to 18,000,000 bushels, the farmers obtained for it but a trifle more than \$9,000,000. Thus, the loss upon a single crop, in one State, amounts to more than \$15,000,000. Under such circumstances who can regard it as wonderful that, in this rich State, wherein the population is increasing, the manufacturers multiplying, the towns and cities expanding their borders, and all the agencies for the creation of wealth seem to be gaining force, the value of farm lands, between 1870 and 1890, declined to the extent of \$121,000,000?

It is not claimed that the decline has been absolutely uninterrupted. The usual speculative and other influences have put prices

up and down, but over and above these influences some one great influence, operating generally and all over the world, has compelled the ultimate decline of values. Distinction must be made between fall of prices and fall of values. If a loom be invented which will weave three yards of cloth in the time and with the labor heretofore required to weave one yard, the price will go down but the world will be richer. If conditions be provided under which a farmer must take three bushels of wheat to pay a debt which could have been paid with one bushel when the debt was contracted, the world will be poorer. In the former case the same effort produces more wealth. In the latter, the same effort produces less wealth.

EVIL CONSEQUENCES OF PRICE DECLINE.

There are persons who contend that the decline of prices in one direction fully compensates for the decline in other directions, and that where the farmer, for example, loses upon the sale of grain, he makes an equivalent, or more than an equivalent, gain because of the lower values of the articles he must buy. But this is to a considerable extent a delusion. The continuous fall of prices is of itself an evil of great magnitude. As values decline, timidity and caution take the place of hopefulness and courageous action. Business never prospers as it should with a falling market. With prices going downward, men purchase only in obedience to imperative necessity; commerce is hindered, the work of exchange is hampered, depression affects all merchants and markets, and business men wait for the coming of the upward turn. A man who has one hundred thousand dollars which he proposes to invest in a manufacturing establishment, will, inevitably hesitate and delay under such conditions. He cannot tell whether, if he shall go forward with the enterprise, his investment may not be worth but \$80,000 next year and \$70,000 the next. Every impulse of self-interest urges him to put his money, not in a mill and in machinery, but in bonds or other securities, because, while actual wealth is depreciating, the securities which are written in terms of dollars steadily appreciate. Few things more unfortunate for a nation can happen than that men with money shall prefer to invest it, not in new enterprises for the creation of wealth, but in securities which are in truth a tax upon wealth already created.

THE ENLARGEMENT OF DEBT BY FALLING PRICES.

But there is another and more serious consequence of the persistent decline of prices, a consequence to which the friends of the British gold standard are quite averse to alluding in their discussions of the subject. As prices go down the dimensions of all fixed obligations experience enlargement. The whole world is in

debt. In our own country, in 1890, the State, national, city and school debts amounted in round numbers to \$2,000,000,000. The mortgage debt upon real estate reached the sum of \$6,000,000,000. Besides, there are the railroad debts and the personal and other debts, so that it may not be an exaggeration to assert that the indebtedness of the American people is not far short of \$15,000,000,000.

These debts, in fact, are owed by the people, for the people have to pay them. No man can say that he is out of debt. Each bond is an order for commodities created by human toil. The debts are paid finally in the articles which men produce. Thus, as prices fall, more and more of such articles must be given to meet the requirements of fixed obligation. Men are accustomed to think of buying as an operation performed solely with money. But the farmer who sells his product buys the money as truly as the person to whom he sells them purchases his wares. As prices fall, money becomes continually dearer and demands an increasing sacrifice from him who would procure it for any purpose. The operation of this increase may be indicated by consideration of the following statement, which I did not prepare but which I believe to be trustworthy.

THE NATIONAL DEBT.

Years.		
In 1866	It was	\$2,000,000,000
	Paid principal, interest and premium,	4,350,000,000
In 1894	Balance due, in dollars, about,	900,000,000
		Bales,
In 1866	It could have been paid in cotton,	14,184,000
	Paid principal, interest, etc., in cotton,	94,690,000
In 1894	Balance due in cotton at 5 cts.,	51,000,000
		Bushels,
In 1866	It could have been paid in wheat,	1,007,000,000
	Paid principal, interest, etc., in wheat,	5,022,000,000
In 1894	Balance due in wheat,	2,054,900,000

Accepting this statement as accurate, we find that, after paying in cotton nearly seven times the original amount of the national debt, the American people still owe, in cotton, nearly four times the original debt; and in cotton, wheat and similar materials this debt and all other debts are, as a matter of fact, paid.

When such figures as these are presented, with the appalling fact of the destruction of wealth which they indicate, there is no longer reason for astonishment that, between 1880 and 1890, the number of

men in Pennsylvania cultivating their own farms diminished by more than 11,000, while the number of tenant-farmers in the same State in the same period, increased by more than 9,000. Observe that statement with attention! No more significant, no more ominous fact is recorded in American history! The land is passing out of the hands of the men who till it.

That which is true of our own State is also true of other States and particularly of the great Commonwealths in the west. I have no sympathy with the extravagances of Populism, but with the men who seek in Populism relief from misery, I have intense sympathy. These people are Americans; they are our fellow citizens; they are our brethren. They do not desire to engage in dishonest practices; they do not wish to cheat their creditors or to inflict disgrace upon their government. They are men who suffer and who, rebuffed by one political party and the other, endeavor by forming a political party of their own to procure, exactly in the American way, the relief of which they stand so much in need. Instead of reviling them; instead of bringing against them false accusations; instead of trying to overwhelm them with vituperation, would it not be wiser to recognize their needs, to offer them our sympathy, to discover the nature of the destructive influences that affect them and then to make a generous effort to bring them succor? What, indeed is the cause of their impoverishment?

WHAT CAUSES THE SHRINKAGE OF VALUES?

Bu one completely satisfactory response to that question can be made: Gold is advancing in value: That, and that alone, is the key to the riddle. The metal by which the prices of all other things is fixed is itself continuously moving upward. It is a common mistake that the value of gold never changes, and because people hold fast to this error they fail to comprehend this question. Gold, like every other commodity, is influenced by the relation of supply to demand. Just now an artificially large demand has been produced by the demonetization of silver. The fall of general prices began in 1873, when silver was formally deprived of the money-function. Prices had been rising through a long period prior to 1873. As soon as silver was demonetized they started upon a downward course, which they have ever since followed. This must necessarily have ensued upon the rejection of silver. For thousands of years the two metals have been employed together. In 1873 one was thrown aside and the whole stress of the demand for standard money was thrown upon the other. Forbid the use of beef, and mutton will become dearer. Prohibit woolen clothing, and cotton will advance in price. When silver was denied its place among money metals and the volume of standard money was diminished one-half gold began to go up, and it has been going up ever since.

DEMONETIZATION.

What is meant by the demonetization of silver? The act of 1792 made the silver dollar of 371-14 grains of fine silver the "unit of value;" but gold and silver both were permitted to have free coinage at the Mints, and thus the two metals together were the standard money of the United States. The act of 1873 threw down the silver dollar from its place as the unit of value and, for the first time in our history, made the gold dollar the unit. By the same act, the privilege of unlimited free coinage was continued to gold and taken away from silver. Not only this, but silver was refused the privilege of coinage into standard dollars upon any terms whatsoever. That was demonetization.

It has been said that this action could not have had so large an influence as has been attributed to it, because prior to 1873, we had coined very few silver dollars. It has also been said that the effect of the law of 1873 was fully counteracted by the fact that, in late years, we have indeed coined many millions of silver dollars. The answer is that our rejection of silver was followed almost at once by the other civilized nations using silver, so that the demonetization of the metal, and its baneful influence, were not confined to this country, but were world-wide. The evil example of the greatest of the silver-producing nations undoubtedly influenced European action; and, besides, it was accompanied by contraction of the currency which would have done no harm had the coinage of silver, beginning to be large in 1873, been permitted to go on without restriction. The further answer is that all the silver coined since 1873 has been deficient in the particular that not a single dollar of it is standard money. Strange indeed is the fatuity of those, who, while insisting that the government has done fairly with silver by coining these dollars, still declare that no one of them is worth its face value. They confess that the silver is measured by the gold, and, at the same time, declare that it has had the fair play which can be given it is only when it is the full co-ordinate of gold, measured by itself; money of redemption, of final payment, full standard money, as it was from 1792 to 1873.

You have often heard the present standard silver dollar alluded to as a "fifty cent dollar" and a "light-weight dollar." You may be surprised to learn that it contains just the same quantity of silver that the American standard dollar has always contained—no more and no less. The gold in the gold dollar has been twice changed; the silver in the silver dollar never. But it is said that a gold dollar, melted down, will be worth its weight in coin, while the silver dollar melted down will be worth but fifty cents. Fifty cents in what? That shapeless mass of silver will buy just as much cotton, wool, wheat, petroleum and other things as it ever would. It holds pre-

cisel, the same relation to the products of human toil as it ever held. It will not buy so much of one thing—it will not buy so much gold. Why? Because gold has gone up. Here is proof of the fact that the change has been not in silver, but in gold. We have no fifty cent silver dollar, but we have a gold dollar worth about \$1.40. Demonetize gold and remonetize silver and silver will go up just as gold has done. The fault lies, not with the metal, but with acts of legislation which discriminate against one metal in favor of the other.

THE THEORY OF OVER PRODUCTION.

The attempt is made to account for the fall of prices by insisting that the power of fertilizers used upon crops has been increased; that the cost of transportation has been greatly reduced and that there is now overproduction of the staple commodities. But surely no man can successfully demonstrate that there has been improvement in fertilizers and reduction of the charges for carriage which will account for a fall of twenty-five per cent. in the price of wheat within the past two years. It is also quite unreasonable to ask acceptance of the theory that, during twenty years, there has been over production of practically all the articles necessary to comfortable human existence. Many erroneous impressions prevail respecting this matter. Take for example, the wheat crop. It is a belief widely entertained that the production of wheat in the United States increases without interruption. But the Census Reports for 1890 show that, during the decade, the wheat acreage in this country decreased by two million acres.

WHEAT ACREAGE OF THE U. S.

1880,	35,430,333 acres.
1890,	33,579,514 acres.

The figures representing the wheat crops of the United States in a series of years plainly indicate that, in this country, at least, the movement is not toward overproduction of the cereal.

WHEAT CROPS OF THE UNITED STATES.

Year.	Bushels.
1879,	459,483,137
1880,	498,549,868
1881,	383,280,090
1882,	504,185,470
1883,	421,086,160
1884,	512,765,000
1885,	357,112,000
1886,	457,218,000
1887,	456,329,000

1888,	415,868,000
1889,	490,560,000
1890,	399,262,000
1891,	611,780,000
1892,	515,949,000
1893,	396,131,725
1894,	460,267,416

But it is said that the price of wheat is depressed by the growing exports from British India. It is true that India now exports a larger quantity of grain than it once did, but it is not true, even of India, that the outward movement is alway expanding. The exports of wheat from that country prior to 1873 were of trifling dimensions. The business began after silver was demonetized and because silver was demonetized. Prices remaining unchanged in India, the British dealer, buying silver at low rates, was permitted to expend it for Indian wheat in such a manner that, practically, the difference between gold and silver operated as an export bounty upon the Indian product. Looking at the matter in another way, the annual tribute paid by that country to England (estimated I believe at somewhere near \$80,000,000) is paid, as our debts are paid, with commodities. As prices measured in gold declined, a continuously increasing quantity of commodities was required to pay a fixed amount of indebtedness. Thus Indian wheat, sent to Europe, represents in truth simply additional extortion practiced upon the people by their British masters, and not at all the presence in the country of a surplus which would, under normal conditions, be shipped abroad.

India has not now, and it never had, an actual surplus production of food, as we have, over and above the fair requirements of its population. India is a famine country. Within fifty years millions of its people have perished from hunger, and hunger is to day the ordinary conditions of millions yet remaining. Were silver fully remonetized and wheat restored to a normal price, we may doubt if another bushel of wheat would ever be sent from India to any foreign land.

The contribution to the world's stock of wheat from the Argentine does indeed become larger, but where is the proof that the world's stock tends to outgrow the world's actual requirements? The reports of the Commercial Exchange of Philadelphia contain the following figures, representing the entire production for a series of years; and an examination of them will show that the increase has not been remarkable at any time.

WHEAT CROPS OF THE WORLD.

Year.	Bushels.
1884,	2,060,077,697
1885,	2,063,502,925
1886,	2,193,997,000
1887,	2,227,415,000
1888,	2,212,843,000
1889,	2,085,505,000
1890,	2,170,123,000
1891,	2,359,294,000
1892,	2,392,727,000
1893,	2,359,636,000

Mr. C. Wood Davis, who appears to be regarded as a fairly good authority upon this subject, is quoted as declaring that while in fourteen years, the wheat-consuming population of the world has increased 18.5 per cent, the world's wheat-acreage has increased but 3.1 per cent. If his figures be trustworthy, we are likely at a period not remote to encounter a deficiency of the supply.

IS SILVER OVERPRODUCED?

There would seem to be as little ground for the contention that the fall of the price of silver may be accounted for upon the theory of excessive production. The gold monometallists have taught mankind that the world is menaced by a flood of silver which may swamp the market for the metal. What the facts are, so far as they can be ascertained, may be learned from a statement made by the Director of the United States Mint (a gold monometallist) upon pages 44 and 46 of his report for the year 1894.

WORLD'S STOCK OF GOLD AND SILVER.

Gold,	\$3,965,900,000
Silver,	4,055,700,000

These figures show that the world's stock of silver is but \$89,000,000 larger than the world's stock of gold. But the statement requires to be qualified. Of this amount of silver 620 millions are of limited tender. Therefore the quantity of silver that is full tender (and this alone should be compared with full tender gold), is but \$3,435,700,000 or \$500,000,000 less than the stock of gold. Now, when the fact is recalled that about three-fourths of the people of the earth use silver money only, not touching gold currency; and that of the gold-standard nations all employ silver money in large quantities, is it not fair to assert that there is really no basis for the allegation that silver is in superabundant supply? Would it not be much more just to declare that, if silver should be wholly restored to its ancient money-function in this country and in Continental Europe,

the present available supply would be probably not equal to the demand?

Allowance should be made also for the fact that the silver turned into money is not consumed, as wheat and cotton are consumed. It goes into the common stock which permanently remains, and the annual contribution of the metal is so small, relatively to the whole mass, that even an unusually large accession in any year would be likely to have small influence in disturbing the value of the stock on hand.

No, the theory of overproduction will not stand the test of careful examination. It was invented with a vain purpose to account for a world-wide price-depression which has been produced by quite other influences.

One hundred years ago, when the rich were taking away the land from the British people, it was thought necessary that an attempt should be made to demonstrate that the depending poverty and bitter misery of the masses were the consequences of the operation of forces beyond human control. And so Mr. Malthus, obedient to the demand for such an exercise of perverted ingenuity, invented the doctrine that the Creator had perpetrated a blunder in arranging man's relations with the universe. He showed that men must multiply more rapidly than the means of subsistence and consequently that the inevitable doom of multitudes of human beings is starvation. A strange theory, truly, which involves acceptance of the proposition that men can be produced in larger abundance than corn and potatoes! But the doctrine afforded satisfaction to prosperous people who, resigning themselves submissively to the mysterious dispensation of an all-wise Providence, went comfortably home to dinner.

But now, when every market report completely contradicts the author of the Malthusian theory; now, when the ancient doctrine is manifestly absurd in the presence of the unmistakable evidences of the overflowing bounty of Nature, economists of the same school have found it necessary to invent another theory. In our time they teach that the Almighty has so arranged the conditions of man's existence that superfluity must produce the same evils which would follow upon scarcity. There is so much food that men must go hungry; so much cotton and wool that they cannot obtain enough clothing with which to cover their nakedness; and so much silver that they suffer from an insufficiency of the supply of money. These things, wheat and wool and cotton and silver, are wealth; and the new doctrine instructs us that, as the quantity of available wealth increases, the world must become poorer. If we could possibly accept such teaching as this we should then find ourselves compelled to inquire: At what point in the excessive production of wealth, would mankind reach a condition of absolute pauperism?

Gentlemen, what but confusion can come to a nation which builds its policies upon such intolerable quackery? When it is perceived that the farmer cannot sell his products in the presence of the men who cannot buy food; when it is observed that the manufacturer cannot operate his machinery while multitudes of men cannot obtain comfortable clothing, we may accept it as fact requiring no demonstration that the fault lies with human misgovernment. Not the fecundity of nature or the blundering of Omnipotence is responsible for these strange obstructions to the ordinary course of affairs, but the incredible stupidity and the intolerable wickedness of man.

THE ORIGIN OF THE GOLD STANDARD.

Where did the system of gold monometallism originate? Who devised it? What influences have forced it upon the civilized world? If an intelligent man, not however conversant with the particular subject under consideration, should be asked this question, would he not be likely to inquire: "Is there any one nation to which all the rest of the world is in debt?" "Is that nation able to produce from its own soil material enough to supply the wants of its people?" The answer to the first question would be Yes. The answer to the second question would be No. And the final answer to the inquiry respecting the source of gold monometallism would be "The nation referred to certainly is the inventor of the doctrine that the gold standard is the standard to be preferred."

Gold monometallism is of British origin. England cannot feed her people from her own soil. Would it not be to her interest to arrange to force down the price of the wheat she must buy, if, at the same time, she could increase the dimensions of the debt which her wheat-producing debtor must pay? England has the greatest of all the cotton-spinning industries; but she does not produce a pound of cotton. Was there not the incentive of greed to urge her to depress the value of the cotton she must have? England is a large user of silver in her Eastern trade, but there are no silver mines in England. Was not the temptation strong to thrust down the price of silver while she enlarged the tribute due to her as the creditor of the silver producing nations?

Gold monometallism came from the country which devised the free trade doctrine; both inventions having for their sole purpose the profit of Great Britain at the expense of other nations. Both policies menace American industries with injury. Thus it is true that while British gold monometallism and British free-trade are one cause, American bimetallism and American tariff-protection also are one cause. The political party in this country which stands for protection to home industries has a positive obligation placed upon it by the requirements of consistency and patriotism,

to stand simultaneously for the system which would restore to its rightful place a precious metal of which we produce forty per cent. of the world's supply. The party which resists one British policy of destruction is plainly called upon to resist the other.

When a nation permits its greatest industrial rival to dictate its tariffs and its greatest creditor to fix its money-standard, what can befall but the misery and disaster in which we are now involved? And how can a political party in the United States warn the people against one alien policy that must hurt them, and welcome or fail to resist another that is even more destructive in its consequences?

There is no novelty in the creditor's feat of choosing the dearer money as that in which the debtor shall be compelled to pay. In 1850 silver was worth more than gold, and with California manifesting an immense capacity for the production of gold, the promise was that silver would continue to have the higher value; so Holland, a creditor country, demonetized gold and made silver standard money. In 1857, Germany, for the same reason, did the same thing. Nothing at that time was heard of the doctrine that gold is the "best" money and the "money of civilization." But there was a precedent even for this action. Earlier in the present century, the British East India Company, with its hand clutching the throats of the Indian people, also made the dearer silver the standard in India; and this is the reason why that country to-day is upon a silver basis. Were the supply of gold suddenly enlarged, as happened forty odd years ago, and the supply of silver with equal suddenness diminished, we should hear no more of the superior qualities of the yellow metal or of its claim to be regarded as the best money and the money of civilization. The propaganda which now teaches that gold monometallism is the product solely of the advancement of mankind towards higher things, would be smitten with paralysis, and no desperate struggle would be required to obtain the full remonetization of the white metal now treated with so much scorn and contempt.

BY WHAT METHOD WAS AMERICAN SILVER DEMONETIZED?

And now the question presents itself: By what method was American silver stricken down, and how was the country put upon a gold basis? Did any party platform, twenty odd years ago, demand the change? Did any political orator command it to the approval of the people? Not at all. President Andrews, in a volume recently published, declares that the deed was done "silently;" possibly a better word would be stealthily. I am aware that much impressive evidence may be presented against this theory. Fairness requires me to say that even from the pages of the Congressional

Record quotations may be made which appear to show that demonetization was accomplished with the knowledge of those who are reported as voting for it. But the testimony upon the other side is very strong; and I do not perceive how it can be rejected by any man who will consider the character of the men who gave it. Let me here present a portion of this evidence, so that you may perceive the nature of the basis whereon rests the contention that silver was discarded by employment of unfair means.

"Mr. Beck: What I complain of, and what I think I have proved, is that at the House never knew what was in that bill." (1st session of the Fifty-fifth Congress. Senate.)

"Judge Kelley. March 10, 1878. All I can say is that the committee on coinage, weights and measures, who reported the original bill, were faithful and able, and scanned its provisions closely, that as their organ I reported it; that it contained provisions for both the standard silver dollar and the trade dollar. Never having heard until a long time after its enactment into law of the substitution in the Senate of the section which dropped the standard silver dollar, I profess to know nothing of its history, but I am prepared to say that in the legislation of this country, there is no mystery equal to the demonetization of the standard silver dollar of the United States. I have never found a man who could tell just how it came about or why." (Congressional Record, Vol. 9, part 1, Forty-sixth Congress, First session, page 1231.)

"I wish gentlemen to know what that bill was; it was a bill to re-organize the mints, not to revise the coin money of the country, but to re-organize the mints, and it was passed without any allusion in debate to the question of the retention or the abandonment of the standard silver dollar."

"I was chairman of the committee that reported the original bill, and I aver on my honor that I did not know the fact that it proposed to drop the standard silver dollar, and did not learn that it had done it for eighteen months after the passage of the substitute offered by Mr. Hooper, when I disputed the fact."

"Mr. Holman, in a speech delivered in the House of Representatives July 13, 1876, said:

"I have before me the record of the proceedings of this House on the passage of that measure, a record which no man can read without being convinced that the measure and the method of its passage through the House was a "colossal swindle." I assert that the measure never had the sanction of this House, and it does not possess the moral force of law." (Congressional Record, Vol. 4, part 6, Forty-fourth Congress, First session, appendix page 193.)

A gain on August 5, 1876, he said:

"The original bill was simply a bill to organize a bureau of mints and coinage. The bill which finally passed the House and which ultimately became a law was certainly not read in this House."

"Mr. Cannon, of Illinois, in a speech made in the House on July 13, 1876, said:

"This legislation was had in the Forty-second Congress, February 12, 1873, by a bill to regulate the mints of the United States, and

practically abolished silver as money by failing to provide for the coining of the silver dollar. It was not discussed, as shown by the Record, and neither members of Congress nor the people understood the scope of the legislation." (Appendix page 197, Congressional Record, Vol. 4, part 6, Forty-fourth Congress.)

Senator Bogy, of Missouri, uttered the following words in a speech made in the Senate June 27, 1876:

"Why the act of 1873, which forbids the coining of the silver dollar, was passed, no one at this day can give a good reason." (Congressional Record, Vol. 4, part 5, Forty-fourth Congress, First session, page 4178.)

Mr. Burchard, of Illinois, in a speech made in the House of Representatives on July 13, 1876, said:

"The coining act of 1873, unaccompanied by any written report upon the subject from any committee, and unknown to the members of Congress who, without opposition, allowed it to pass under the belief, if not assurance, that it made no alteration in the value of the current coins, changed the unit of value from silver to gold." (Ibid. page 4560, Congressional Record, Vol. 4, Forty-fourth Congress, First session, page 4178.)

Mr. Bright, of Tennessee, said of the law:

"It passed by fraud in the House, never having been printed in advance, being a substitute for the printed bill, never having been read at the clerk's desk, the reading having been dispensed with by an impression that the bill made no material alteration on the coinage laws; it was passed without discussion, debate being cut off by operation of the previous question. It was passed to my certain information, under such circumstances that the fraud escaped the attention of some of the most watchful as well as the ablest statesmen in Congress at the time—Ay, sir, it was a fraud that smells to heaven." (Record, Vol. 7, part 1, Second session, Fifty-fifth Congress, page 584.)

Senator Allison, on February 15, 1878, when the bill (H. R. 1093) to authorize the free coinage of the silver dollar was under consideration, said:

"But when the secret history of this bill of 1873 comes to be told, it will disclose the fact that the House of Representatives intended to coin both gold and silver, and intended to place both metals upon the French relation instead of upon our own, which was the true scientific position with reference to this subject in 1873, but that the bill afterwards was doctored."

Senator Beck, in a speech made in the Senate January 10, 1873, said:

"It (the bill demonetizing silver) never was understood by either House or Congress. I say that with full knowledge of the facts. No newspaper reporter—and they are the most vigilant men I ever saw in obtaining information—discovered that it had been done." (Congressional Record, Vol. 7, part 1, Forty-fifth Congress, Second session, page 260.)

Senator Hereford, in the Senate, on February 13, 1878, in the discussion of the demonetization of silver, said:

"So that I say beyond the possibility of a doubt (and there is no disputing it) that bill which demonetized silver, as it passed, never

was read, never was discussed, and the chairman of the committee who reported it, who offered the substitute, said to Mr. Holman, when inquired of, that it did not affect the coinage in any way whatever." (*Ibid*, page 989.)

"HONEST MONEY."

The gold dollar by such means set up as the standard dollar of the United States is continually alluded to as "honest" money; the implication being that the silver dollar is dishonest money. But is it honest money that grows more valuable day by day? Is it honest money that records a debt of ten bushels of wheat and compels payment of twenty bushels? Is it honest money that makes our national debt far larger in terms of wheat or cotton, than it was originally, after more than half the debt, in terms of dollars, has been paid? The only honest money is stable money. As right Hon. A. J. Balfour puts it, "Money should be a fair and permanent record of obligation over long periods of time." The money which does not considerably change in value, in its relation to commodities, and that alone is honest money. Melt down ten silver dollars, and the raw bullion will buy as much wheat or cotton or petroleum as it ever would. The relative values have not changed. Is not silver then indeed really the honest money?

THE "BEST" MONEY.

The claim is also made for gold that it is the "best" money. Clearly, however, the best money is that which will give the most varied and effective service. It would be a great loss to the world to have gold no longer used as money; but the world could do without it. But finally withdraw silver, and the commerce of mankind would suffer paralysis. Not only is silver the sole money of three-fourths of the human race, but it is imperatively required by the gold-standard nations for the performance of small transactions, wh ch make all the wholesale business and without which wholesale trade would shrivel up and disappear.

You have heard it said that there is in truth no great need of a large supply of money, because 95 per cent. of the exchanges of the world are performed through clearing houses by means of bank credits. The statement has no foundation in fact. It is true possibly of wholesale business; but what is the wholesale business but the sum total of multitudinous transactions at retail? In fifteen states there are no clearing houses. It may be doubted if more than ten per cent. of the American people keep bank accounts and of those who do every one must draw small money daily for his retail purchases. In tens of thousands of villages and hamlets there are no banks. But in every town and village and at every cross-roads store in every part of this wide land the work of making exchanges goes on through all the hours of daylight and practically the whole

of this vast business is performed with actual money and chiefly with small money. Dollars and sub-divisions of dollars are absolutely necessary to the smaller commerce, which is the source of all commerce. But, if it were true that checks are the most common instruments of exchange, why not check silver?

Do you desire to have an illustration of the consequences of the withdrawal of hard money and small money and the substitution for such currency of bank checks? You can obtain it by looking at the conditions now existing visibly to the whole world in Newfoundland.

In January last a panic occurred in the city of St. Johns and soon thereafter the streets were filled with mobs crying for bread. What was the matter? Was there no bread within reach at a time when we are told that breadstuffs are produced in excessive quantities? Yes, there was bread enough and to spare. Was there, then, no property with which to buy bread? There are millions of dollars worth of property in the city and many millions more in the province. Why, then, could the people not obtain food? Why, then, did disaster come to business,—disaster at this day not yet ended? Because there was available no real money. Of bank credit there had been plenty. Millions of bank credit (wind) had been built up upon a narrow basis of hard cash. The bubble swelled and distended more and more, until at last it burst, and then, with bank credit gone and no money within reach, business suffered paralysis and swarms of famishing people ran rioting through the streets demanding food.

Who are the people who tell us that little real money is needed? They are traders in money; lenders of credit whose interest it is that actual money shall sometimes be scarce. The aim of some of these persons appears to be to concentrate in the hands of a single class the control of the money-supply that the monopoly may be used against the advantage of the multitude. Observe this movement carefully. Note where it began and what the promised ending is. The land is being taken from the possession of the men who cultivate it. Silver, the people's money, the money of small commerce, has been partially discarded. There is now loud clamor for cancellation of the greenbacks, the only kind of paper money that is controllable by the people through their representatives. When the control of the land and of the money-supply shall, if ever, pass into the hands of a small number of people, liberty will perish. All men must have land and money all the time. When a few men possess the total supply, they that have neither will be no longer freemen, but the slaves of them that have both. Be warned in time. It is as true now as it ever was—and it is always true—that Eternal Vigilance is the price of liberty.

THE DOUBLE STANDARD.

The remedy for the evils to which allusion has been made is the restoration of the Double Standard. What is the Double Standard? Not two standards, but one; the two precious metals, joined together at a fixed ratio and both having the same rights at the mints and under the law, forming the basis of the values of all other things.

In operation, the Double Standard may be described as a method of giving to the debtor an option to pay in either metal. When that option is permitted, everybody will choose to pay in the metal that happens to become cheaper. Thus the stress of the demand must be taken from the dearer and thrown upon the cheaper metal with the inevitable consequence that the former will tend to decline while the latter will tend to rise.

It has been said that the "average fluctuation of the values of two things is likely to be less than the average fluctuation of the value of one thing." You have seen clocks with compensating pendulums? The ball of the pendulum is held by steel rods, and a warm temperature, expanding the rods, drops the ball and tends to make slower the movement. But, resting loosely upon the ball, are brass rods which, simultaneously, expand upward, carrying with them a plumb. The centre of gravity is changed, and the tendency is to quicker movement. One expansion counteracts, overcomes, neutralizes the other, and the total result is accurate time-keeping. So it is with the operation of the double standard. A vast output of gold from California has the effect to depress the value of the metal; but as it moves downward, silver moves upward for a little distance. A great production of silver in Nevada or Colorado thrusts the value of silver downward, but gold goes slightly in the contrary direction. This, in either case, the total movement, and consequently the total disturbance of other values and of all commercial operations, is less than it would be were either metal relieved from the correcting influence of its associate. One reason why gold has gained so much in value is that it has not been subjected to the restraint that should have been imposed upon it by standard silver money.

The Double Standard is not mere speculative theory. It has worked long and well in actual practice. Here is a table made up from the United States Mint Report:

'WORLD'S PRODUCT OF GOLD AND SILVER IN FOUR PERIODS.

Year.	Gold.	Silver.
1792-1848,	\$800,000,000	\$1,600,000,000
1849-1862,	1,450,000,000	574,000,000
1862-1873,	1,300,000,000	660,000,000
1873-1892,	1,200,000,000	1,600,000,000

Observe these figures: In the first period, twice as much silver as gold was produced. In the second period, nearly three times as much gold as silver. In the third period twice as much gold as silver. And yet despite these variations and disproportions, the two metals remained practically at par under the double standard. In the last period, only one-fourth more silver than gold was produced. Who can refuse to believe that now, when the comparative production of the two metals shows smaller difference than has existed during the preceding eighty years, gold and silver could still be kept at par if silver should obtain full restoration of the privileges once accorded to it?

The Double Standard was placed in our system by the hand that gave to the country the protective tariff theory; the hand of Alexander Hamilton. The first mint-law passed by Congress established bimetallism as a fact. The first tariff-law explicitly declared that the purpose of its authors was to protect home industries. When Hamilton prepared his report to Congress upon the mint, recommending the adoption of the Double Standard, he submitted the document of Jefferson who returned it with this comment:

"I concur with you that the unit must stand on both metals."

This fact may be cordially recommended to the consideration of some of the Americans who, calling themselves Jeffersonian Democrats, appear to have wandered far away from the principles of the founder of their party with respect to bimetallism and protection to domestic industry.

CAN VALUE BE CONFERRED BY LEGISLATION?

A familiar objection to silver remonetization, offered by gold monometallists, is that the value of the metal cannot possibly be increased by acts of legislation. They contend that the value of silver has declined because of influences operating independently of human law and therefore that there can be no possibility of uplifting the value through the instrumentality of human law. "If," they demand, "legislation can advance the price of silver permanently, why cannot it not also advance the price of corn?" The response is that thefeat can be performed even with such an article as corn. If government should enact that no grain should be fed to animals but corn, the price of corn would at once increase. If contrary action should be taken forbidding such use of corn under any circumstances, the price would decline. Were men prohibited by law from covering roofs with any material but tin-plate, the price of tin-plate would be enlarged. Were they denied the right to use tin-plate for roofing purposes, the price would fall.

In all ages the chief function of silver has been the money function. Consumption in the arts has been comparatively small. Silver has been in demand for money-purposes to a far greater ex-

tent than for any other purpose. Twenty years ago the civilized nations, by legislative enactments, deprived it more or less completely of its right to be regarded and used as money. When this deed was done, silver at the existing ratios was more valuable than gold. The price at once began to fall, and it has been going down ward, almost without interruption, ever since. I assert with much confidence that no man who shall examine this matter with an impartial spirit—a sincere desire to arrive at the truth, can reach any other conclusion than that the apparent depreciation of silver, which has continued through two decades, is to be attributed solely to hostile legislation. And as such legislation, by debarring silver from performance of its highest and most important function, forced down the price, it is a fair reasonable assumption that acts of legislation which shall fully restore silver to its ancient use will produce an immediate advancement of its value.

The justice of this belief will perhaps appear more impressive if you will consider the figures already given by me which show that the silver stock of the world, available for full legal tender purpose, is much smaller than the gold stock, while the silver-users, even now, outnumber by more than three to one, those who employ gold alone as standard money. It is the opinion of some of the most eminent financiers and economists in this country and Europe, that nothing more is needed to raise silver to complete parity with gold than legislation to that end. The weight of expert opinion, I think I may declare, is decidedly favorable to this theory.

WILL GOLD BE DRIVEN OUT.

The endeavor is made to frighten uninformed persons by insisting that, if an attempt shall be made to remonetize silver, gold will leave this country in large quantities with the result that we shall soon find ourselves upon a silver basis. It is worthy of notice in this connection that when we began to coin silver, after demonetizing it in 1873, gold began to flow into the country instead of going away. Recoinage began in 1879 and what the consequence was appears in the following figures:

GOLD IN THE UNITED STATES.

January 1, 1879,	\$278,000,000
January 1, 1893,	598,000,000

Thus we have demonstration that the American stock of gold more than doubled in the fourteen years after we began again to coin the silver which is said to exercise an influence for the expulsion of gold. What country holds the greatest quantity of gold? France, the country which also holds the greatest quantity of silver. France has more gold than Great Britain and more silver than the United States. France has adhered more closely than any other country

to the true principles of bimetallism, and for her fidelity to those principles she is rewarded by possession of an abundance of both of the precious metals. To silver-using France the Bank of England, twice in the present century, the second time but four or five years ago, was compelled to go to borrow gold to tide it over grave crises. It is not difficult to understand why France should have this advantage. The very fact that it has plenty of silver, under wise administration of its affairs, guarantees that it will also have plenty of gold. When men can do with silver all that can be done with any kind of money, nobody can be eager to obtain possession of gold. Why should a man hunger and thirst for yellow metal when white metal will fully serve his purposes? In this country, everything being based upon gold, and gold being in fact in insufficient supply, men hoard it and hide it and pay premiums for it and watch with almost desperate eagerness every movement for diminution of the supply. We have voluntarily made ourselves slaves of one metal, while we might, if we would, have freedom with both metals; not only freedom from panic-fear, from the destruction of declining values and from the misery and ruin that have befallen us, but from the cruel and shameful humiliation of submission to the despotism and extortion of the men who play upon our fears and rob us of our substance because they are masters of the gold we must possess.

Do you remember the panic of 1893, precipitated upon this country by the President, in pursuance of his purpose to strike a final blow at silver by compelling the repeal of the purchasing clause of the so-called Sherman act? What was the pretext upon which that repeal was strenuously demanded and fiercely enforced? It was that the purchases of silver had the effect to drive gold from the country. Was this a fact? No; it was either a delusion or a wilful misrepresentation. After a prolonged struggle, during which foolish men even talked as if the Senate of the United States had no right to oppose itself to the will of the President, but should accept his command with unquestioning obedience, the repeal was accomplished. Now, note the result. Here are some figures taken from the report of the Bureau of Statistics of the Treasury Department, and, therefore, indisputably authentic. (Pages 307 and 308 report for September, 1894.)

GOLD EXPORTS BEFORE AND AFTER REPEAL OF THE PURCHASE ACT.

1893.	1894.
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Gross exports 9 months to September 30,	\$76,278,514	\$90,506,508
Net exports 9 months to September 30,	10,317,882	73,815,163

Here we have the proof that in the first nine months of 1894, after repeal of the silver purchase clause, gold left the country more than

seven times faster than it did in the corresponding period in the preceding year before the repeal of the clause. And to-day, nearly two years after President Cleveland succeeded in accomplishing his purpose, the condition of the Treasury, with respect to gold, is far worse than it was when he created the uproar.

It has been asserted, and I think by the distinguished man who is to follow me, that the stoppage of the silver purchases has had a good effect; that it served notice upon Europe that we would no longer "hold up" silver without assistance, and that by this means we shall, somehow or other, compel Europe to participate with us in the work of remonetization. But are there any credible evidences of the accuracy of this estimate? Do you perceive in Europe any authentic indications of the speedy approach of such a consummation? Talk there is, but where is the promise of action? Europe is eager to get our gold; and the more she can get, the less likely (not the more likely) will she be to consent to co-operate with us in the task of remonetizing silver. Our action in 1893, taken with the really enthusiastic approval of my distinguished opponent, sent to Europe, as we have seen, our gold seven times faster than it had ever gone before! In what manner, I pray you, could such a movement operate to influence Europe to lend a hand in the work which all true bimetallists ardently desire to have begun? Is it not, indeed the fact that, in 1893, having our fingers in a vice, we simply gave another turn to the handle, and inflicted fresh suffering upon our own unhappy people, while Europe enjoyed the spectacle, though wondering perhaps at the folly which could present it?

What good to this sorely afflicted nation was done by the cessation of the silver purchases? None; none whatever! That performance was absolutely barren of any results excepting that it fastened upon us more securely the chains of gold monometalism which already enthralled us. The men (and there were many of them) who sincerely believed that the buying of silver by the Treasury of the United States forced gold to leave us, and who went shrieking and screaming to Washington to "strengthen the hands of Mr. Cleveland," were victims of the most colossal bunco-game ever played upon the American people!

THE GOLD STANDARD IN OPERATION.

The effects likely to be produced by return to the practice of bimetallism may possibly be speculative. Although the system has been tried in the past, it has had no experimental test in this country in recent years. Some of us find difficulty in understanding why it will not work as well now as it did in former times; but the gold men answer us positively that it will not. More than this, they predict that dire and dreadful disasters will be precipitated upon the nation if the attempt shall be made to give bimetallism another

chance. But this is also speculative. The prophets of evil may prophesy truly or they may prophesy falsely. We shall know certainly when we shall have obtained the instruction of experience. But what the consequences of adherence to the gold standard are, may be discerned now by any man who will open his eyes and clear his mind of the cobwebs of prejudice. We have tried this British system for more than twenty years. We have had a full and fair opportunity to observe its workings and to study (even to feel) its results. What do you think of it, Americans. Has it brought peace to the nation? Has it given prosperity to business? Has it permitted prices to have stability? Has it allowed the wealth-creators of the country to retain possession of their own. Has it removed from the minds of the people all semblance of apprehension? Has it maintained the public credit? The public credit! The credit of this great nation should rest upon the magnificent resources of the country and upon the integrity of the people. It rests now upon the purchased favor of a pair of British bankers! To this melancholy conclusion have we come because we have suffered aliens to control our policies. We have permitted our own silver to be discarded at the bidding of Englishmen. We have placed everything upon a basis of gold. The men who control the deficient supply of that metal have cornered it and now they call upon us, weak and helpless victims of the conspiracy against our peace, to stand and deliver! Look towards Washington, men who love your country and would save it from dishonor, observe the condition of humiliation into which our government has fallen, and then declare whether a system that has brought us to such shame is entitled to further commendation from any self-respecting American!

He who builds anything—his character, his business, his politics or the policy of his country, upon a foundation of quackery, delusion and lies, builds inevitably to confusion and defeat. Nothing stands but that which has for its basis equity and righteousness. The refuge of lies must fail. It has failed us now. Must we seek another, or shall we insist as brave and patriotic men upon the return of our government to the financial practice established by the men who gave to us our liberties?

WILL SILVER POUR IN UPON US?

It has been said that, if we shall undertake to restore bimetallism, we shall at once be flooded by foreign silver. Where will it come from? Europe has no silver but silver money which circulates at par with gold, as our silver dollar does. To send that money here would be to involve a loss of three per cent., plus the cost of transportation, for the European silver is coined upon a ratio of $15\frac{1}{2}$ to 1, while ours is upon a ratio of 16 to 1. Not a dollar of European silver

will ever come to this country under such conditions. But, if the peril indeed were great why should it not be averted by the simple expedient of placing a duty upon foreign silver?

Complaint is made that if we shall try to restore silver, and gold shall disappear, we cannot conduct our trade with Europe. If we should indeed go upon a silver basis there would still be no difficulty in conducting commercial operations with gold standard countries. India and Mexico, silver countries, trade easily with England. We trade with nations having different kinds of money and different weights and measures. But nobody desires that we shall part with gold. The bimetallist wants both gold and silver and he is sure that we can retain both. If gold be necessary to trade with Europe so is silver necessary that we may trade with Asia and Southern America. We face Asia on the west as we face Europe on the east, and we have in this hemisphere a string of silver-using nations reaching down from the Rio Grande to Terra del Fuego. And mark this! While there is hardly an article for which we are dependent upon the gold-using countries, we are dependent for multitudes of the necessities of life upon the silver-using nations. Shut us off from buying in Europe and still we should thrive. Shut us off from Asia and Southern America and incalculable injury would be done to the nation.

HOW TO REACH REMONETIZATION.

You have the right to ask me by what means can remonetization be obtained? The question of the best and safest means for obtaining the restoration of bimetallism is one of great difficulty. The conditions are wholly new. There are no precedents. Never before since the world was made were men so foolish as to discard one of the precious metals. Therefore, any movement towards restoration must be in a degree attended with uncertainty. The man who positively asserts that free coinage, attempted by ourselves, will produce fatal consequences, has absolutely no better ground for the assertion than he who, with equal positiveness, insists that the undertaking will be attended by perfect safety. To put opinion against opinion upon such a subject may be little profitable, but there may be some interest in noting that there are men of high authority who are confident that bimetallism may, under certain conditions, be attempted without peril by this nation alone. Mr. Jay Cooke, a wise financier and a man of the loftiest character, writing in the Philadelphia Investment News for April, 1894, observes:

"If the proposed International Bimetallic Conference should prove a failure, my plan would be at once to go back in our own country to bimetallism and open our mints to the free coinage of silver as well as gold. Let the government enact such regulations as would positively insure that not a dollar of silver produced out of our own country could be imported into the country, except upon the pay-

ment of such a duty as would be equal to 5 per cent. greater than the depreciation in the markets of the world of silver bullion, or of silver manufactured into any shape. I myself would not be at all afraid of any great influx of silver, even if there were no impediments to its importation; but this plan of placing a prohibitive tariff upon it would effectually calm the fears of those weak individuals who express apprehensions of large silver importations and the withdrawal of our gold. We could easily circulate every dollar of the product of our mines, and it would form a natural and needed increase of the circulating medium in our midst."

I commend this opinion to the gold men who constantly employ offensive terms in their reference to bimetallists. Surely no man will dare, even if he shall impeach the wisdom of Mr. Cooke, to denounce as the enemy of sound money or as an assailant of the public credit the man who performed for this nation during the civil war financial service scarcely less important than that done in the field by the great soldiers of the Republic!

If, however, it be thought necessary that we should obtain European co-operation our self-respect requires that we should not merely solicit it but command it. Do you observe any purpose of either kind at Washington? What is there at that point to indicate that the Government of the United States has the smallest desire to procure silver restoration by one method or another? Is anything perceptible there but a sullen purpose to obstruct in every possible way every earnest attempt to reach the conclusion demanded by the very platform upon which the President was elected, and indeed by the platform of the opposing party? Upon the theory that help from Europe is necessary, Mr. Thomas B. Reed last summer indicated, in the Fortnightly Review, a plan that might permit us to enforce our wishes. It was that we should give tariff-favors to the nations which will consent to act with us. If, however, the choice lie between going back to bimetallism by our own efforts or not going back at all, or if it lie between independent action on our part and waiting long for foreign help, the opinion of the American people surely will be that we should act without foreign help.

But, whatever other plan shall be preferred, there is one, frequently proposed, against which every patriotic American should offer solemn protest. We should not consent to defer action until we can obtain permission to act from the men who control the government of Great Britain. Such a policy does not comport with the dignity and honor of this nation or with the self-respect of its people. Has there not been spoliation enough, that we must wait patiently for the spoiler voluntarily to stay his hand? Have our farmers not been plundered enough? Have not our laboring men been thrust far enough downward toward poverty? Must new pangs be added to the suffering already endured by our manufacturers, while we tarry the leisure of Englishmen?

Has there not indeed been shame enough, when the tottering Treasury of the richest nation in the world must sue for help to European bankers and recompense them by giving to them fresh permission to gorge themselves with our substance? Is that the spirit of modern Americanism? Is that the kind of lesson we have learned from our own heroic past?

Were we still the colonial dependency of Great Britain it were no shame to us did we not dare to venture to gather up the wreckage and to try and restore the fair fabric of our prosperity till England should give us leave to do so; but, being what we are, is it not infinitely shameful that we must not make a movement in our own behalf until England shall signal her consent? Better than that would it not be to tear up the Declaration of Independence and to return to our ancient condition as a British colony? for then, although we should still be plucked and plundered, we might retain some fragments of our self-respect! Honor to the American public man, whatever his name or his party, who amid contumely and vituperation dares to insist that this nation shall shape its fiscal policy in its own interest without the interference of any alien authority whatsoever!

Gentlemen, we are disposed to believe that the perils which once menaced the Republic, the perils that are past, are the greatest that could menace it. But it is not so. The struggle for existence is perpetual with the nation as with the individual. The forces which tend to break down, disintegrate and destroy are as incessant in their activity as those that build up and maintain. Each generation has its own hard problems to solve and these problems come to it in unlooked for shapes, from unexpected quarters. The generation that preceded ours had to deal with slavery. That was hideous and formidable, but it was visible, tangible, openly aggressive and plainly antagonistic to the principles of our institutions. At the last it came upon us in the full tumult of war. But the evil which assails us now is subtle, invisible, insidious, even mysterious. Men suffer and do not discern why. Like a hidden disease, secretly and silently, it assails the vitals of the nation and it will destroy us unless we conquer it. Shall we conquer it ourselves or shall we suffer still more while we wait for help that may never come?

Legislators of Pennsylvania, this is a question which you can help to answer, and I trust that you will be impelled to send to this nation some message that the great Commonwealth which has always been in the very forefront as the champion of American protection as against British free trade, will still hold that place in the impending contest between British gold monometallism and that bimetallism which was introduced to our political system by the great men who set up the pillars of the Republic.

AN ADDRESS

By CHARLES EMORY SMITH.

In introducing Mr. Smith, Speaker Walton said: "One of the most important questions affecting the American people to-day is the financial question. It has been decided to be fitting and proper for the Legislature of Pennsylvania at this time to invite a gentleman whose reputation is not only well known through the State which he so eloquently represents, but through the United States; a gentleman who is the editor of Pennsylvania's greatest newspaper; a gentleman who is thoroughly familiar with all questions affecting the government of our people, to address us upon this subject. I have great pleasure to-night in introducing to you the Hon. Charles Emory Smith, of Philadelphia.

THE ADDRESS.

Mr. Speaker. Senators and Representatives, Ladies and Gentlemen: I am deeply sensible of the honor of your invitation to address this representative assemblage on this question and under these circumstances, and at the outset I beg to express my grateful acknowledgements. I am no less sensible of the responsibility of the task of which you call me. Had I been consulted I should have shrunk from what might have seemed presumptuous. But when, by no choice and with no knowledge of my own, I was unexpectedly confronted with the alternatives of evading your public summons or accepting a public obligation, the pathway of duty was plain. And so I am here in obedience to your command.

The question of the hour which we have come to consider is one of transcendent importance. The maintenance of a sound and stable currency lies at the foundation of national credit, public confidence, business security and progressive civilization. Money is the measure of value and the medium of exchange. It is the tool of trade, the foot-rule of price and wage, the basis of credit which plays so great a part in the modern commercial system. Any variation of the unit of value affects all values. Any debasement of the standard vitiates and disturbs the whole gigantic fabric of national and international exchanges. There is no danger in the political and commercial life of nations so insidious, so subtle and so hurtful as the corruption of the currency. The vital necessity of preserving the integrity and the stability of that which provides the meas-

ure of values and expresses the ratio of exchange of all commodities and all labor is axiomatic.

From early days gold and silver have been the two precious money metals. They have remained in joint use, and have been kept side by side by being exchangeable at their relative value or by limited volume and legal tender. Standard implies unity, and there has been much confusion in many minds because the two metals have both been described as standard money. How two standards and two units of value? This confusion will vanish if we think of gold and silver, when linked together, as constituting a joint standard—one standard of two equivalents, duplex in its substance but single in its purpose, dual in its composition but one as to all other things. Civilized nations with banking systems have also employed paper representatives of coin, redeemable in coin; and thus gold, silver and redeemable paper have made up the monetary system.

During our recent history we have been forced to face and fight repeated and persistent attempts to drift our country upon a boundless sea of unlimited and irredeemable paper. Happily these dangerous efforts have all thus far been defeated. Now we are called to meet the no less baneful scheme to plunge the country into the depths of unlimited and unexchangeable silver. The two movements are alike in character, alike in impuse, alike in purpose and alike in peril. We have successfully battled and beaten the first; and, in the interest of public integrity, financial security and business prosperity, it is no less vital to combat and conquer the second.

Let me at the beginning clear away any possible misunderstanding and define the bounds of the discussion. This is not an issue between gold and silver. I am not here as a gold monometallist. On the contrary, I am here to advocate with earnest conviction and by the only practical means the restoration of silver to its full function in the monetary system of the world. Those who assume to be the special champions of silver have a measure of right on their side which ought to be freely and fairly recognized. They are right in deploreding the events which dispossessed silver of its position as the parner of gold and in seeking to rehabilitate it and reinvest it with its equality. They are wrong in assuming that this misfortune came through any unfriendly legislation of our government or that it can be remedied by any independent action of our country. They are right in depreciating a constriction of values and in urging a broadening of the monetary basis. They are wrong, wofully and unutterably wrong, in proposing a practical method, which, instead of broadening, would inevitably narrow and degrade it and destroy all stability.

The issue is between independent, isolated free coinage within our own limits, on the one hand, and international bimetallism, on the metrists? Not the advocates of free coinage, for their policy would

expel gold and put the country upon the silver basis, and thus they are in reality silver monometallists. The real bimetallists are we who would restore silver and link with gold, as it used to be through the concurrent action of the commercial nations. Who are the true friends of silver? Not the advocates of free coinage, for their proposition would restrict its enlarged use to this country which alone could never accomplish its rehabilitation. Its true friends are we who aim at its full reinstatement by the side of gold in the monetary use of the world from which it has been dethroned. They may be the friends of the few thousand silver miners who are eager for quick returns, though even their selfish interests would be better served in the long run by a broader and more enduring policy. We, on the other hand, are the friends of the seventy million silver users, whose interest lies not in degrading our country to the single and debased standard of Mexico, but in elevating silver to legal equality with gold in the world's commercial arena, and so re-establishing the broad bimetallic basis which would assure stability, quicken confidence, stimulate enterprise and promote prosperity.

I.

AMERICAN TREATMENT OF SILVER.

With these preliminary observations I proceed to a more detailed consideration of the facts and issues involved in this discussion. At the outset I affirm that the premise of the free coinage advocates, except so far as I have already indicated, is false, their supporting statements incorrect, their arguments illusive and their conclusion wholly erroneous. What is their premise and what their argument? They denounce the law of 1873, which they charge with demonetizing silver, as a crime against the American people; they assert that this alleged proscription of silver has been followed by an era of falling prices, shrivelling enterprise, agricultural hardship and widespread depression; they contend that these two alleged facts bear to each other the relation of cause and effect; and they conclude that the remedy lies through the unlimited coinage or purchase of silver, without regard to other nations.

Now, first of all, is it true that we have suffered such incalculable woes since 1873? I leave out of this discussion the past two years. So far as our own country is concerned these two years, with a new administration and a changed economic policy, involve different conditions and questions. But it is true that prior to that change we were in such an unhappy state? How was it for twenty years before 1873 and twenty years after? From 1850 to 1870 we advanced in national wealth from \$7,000,000,000 to \$30,000,000,000, an increase of \$23,000,000,000. From 1870 to 1890 we advanced from \$30,000,000 to \$65,000,000,000, an increase of \$35,000,000,000. What was

growth of more than double so great a hardship? Protectionists have constantly asserted that the twenty years preceding 1893 constituted the most prosperous period in the history of the country. Are some of them prepared to recant and deny that truth for the sake of bolstering up a misdirected argument for free and unlimited silver?

It is not to be disputed that there has been a decline of prices since 1873. Nor can we resist the conclusion that the world's restricted use of silver has operated to reduce the world's general range of prices. The just and rational view is that the fall is due in part to the international limitation of the monetary basis and in part to cheapened cost of production and cheapened interchange. It has been partly beneficial and partly baneful. The producer has seen falling values; the laborer has seen rising wages. The purchasing power of wages is fifty per cent. greater than it was in 1870. If the productive force of the country has suffered some astringency or failed of its full development, the rewards of labor measured in the cost of living have never been so high. The farmer has seen the prices of his wheat dropping and dropping. But in Pennsylvania it is the competition of Dakota, and in Dakota it is the competition of India and Argentine. Twenty years ago it cost twenty-three cents a bushel to transport wheat from Chicago to New York. To-day it costs ten cents to carry it from Chicago to Liverpool. Twenty years ago the wheat crop of Minnesota, Kansas and the Dakotas was only 20,000,000 bushels, and India and Argentine were not factors in the world's markets. To-day the average crop of these four western states, to say nothing of others, has increased eight fold, and India and Argentine are supplying from half to two-thirds as much wheat to the markets of the world as we are. It is cheap land, cheap transportation and cheap labor in competition which have brought down the farmer's prices, and he would find no remedy in the free coinage of silver which would enhance the cost of everything he buys and leave him exposed to the same deadly competition in the markets of the world. His interest lies not in going down to the silver level, but in lifting silver up to the normal level.

The distinguished gentleman who spoke upon this subject last night is an earnest and deep student of the question and an able and vigorous master of debate. I am proud to count him among my personal friends. The whole burden of his argument, as I see on reading the report, rests upon the claim that the farmer has during the past twenty years suffered a great decline of prices due as Mr. Clark asserts to the alleged demonetization of silver. I have shown you what is the real cause of that decline. But just at this point, and in immediate answer to his argument, I want to refer to another

fact which my friend forgot to mention. He dwelt upon the decline in the price of what the farmer sells, but he said nothing of the decline in the prices of what the farmer buys. I hold in my hand a table showing the current rates of both every year since 1873 down to 1892. I shall not weary you by reading this table in detail but will give you its results. What the farmer sells embraces wheat, corn, cotton, bacon, lard, beef, butter, cheese, etc. What he buys includes sugar, tea, coffee, sheeting, shirting, print cloths, ginghams, carpets, nails, iron, glass, molasses, etc. Now this table shows that the average reduction in the price of all these farm products taken together is twenty-six per cent, and the average reduction in the other articles named is **fifty-five per cent**. So that while the farmer loses twenty-six per cent. in what he sells he gains fifty-five per cent. in what he buys.

But with this hasty glance at what is not a vital point of the present discussion I come now to a more material question. Granting for the sake of the argument that we have suffered all the ills so darkly pictured by the free coinage advocate, is it true that they are due to our proscription of silver? Is it true that since 1873 we have outlawed and rejected silver, as we did not do before? This is the starting point in the argument of the free-coinage advocate. He passionately denounces the act of 1873. He luridly describes it as the greatest crime in our financial history and arraigns it as having dishonored and repudiated the silver dollar of the father. Now, what are the facts? The whole number of silver dollars coined in the United States from the organization of the Mint in 1792 down to 1873 was only 8,045,838, and for more than twenty-five years preceding 1873 they had not been in circulation at all. I do not stop to give the explanation, which is well understood by all students of the subject. But between 1878 and 1890, under the Bland-Allison act, we coined 421,776,408 silver dollars, and under the Sherman act of 1890 we purchased 168,674,682 ounces of silver bullion represented by \$155,931,002 in silver certificates, making altogether \$577,707,410 of silver coinage or purchase in fifteen years.

In other words, in a single year since 1873 the Government of the United States has done six times as much for the silver dollar as in all the eighty odd years before that dividing line, and altogether within this period during which silver is represented as proscribed the Government has coined or provided for seventy-two times as many silver dollars as in its entire previous history. And yet the free coinage advocates first draw on their imagination for evils which are largely spectral and then draw on their misinformation for an explanation by charging them to an alleged demonetization of silver under which silver has been nursed and coddled so unmeasurably beyond what is experienced when they themselves declare the law treated it as full legal tender money. They con-

jur up fanciful ills and explain them by fictitious conditions. They are much in the position of Hood's character who "seen'd washing his hands with invisible soap in imperceptible water!"

Their argument breaks down right here at the foundation. They ascribe the changed conditions to the act of 1873 which is said to have demonetized silver. Grant that there were rising prices before and falling prices after; the change clearly cannot be attributed to our alleged outlawry of silver, when for a quarter of a century before the change we had no silver dollars in circulation and when shortly afterwards we entered upon the coinage of over \$400,000,000. The silver dollar existed in law before 1873, but it did not exist in fact, and a law which was not operative had no influence whatever upon prices. I shall have occasion further along to deal with broader causes and influences; but if the argument as applied by the free coinage advocates to our country alone had any force, it would be against silver, for it has been during the period of falling prices that we have done most for the white metal. Never has any interest been so well treated as the silver interest has been by our government during the past twenty years. No measure of protection or fostering care extended to any other interest has begun to approach the extraordinary degree of favor vouchsafed to silver or the tremendous effort to support and uphold it. Since 1878 the price of silver has fallen from \$1.20 to sixty cents an ounce. The bullion value of a silver dollar has fallen ninety-three to less than fifty cents. Yet during this time we have purchased and coined nearly \$600,000,000. We have given it a market in the Treasury when every door of Europe was closed against it. We have gone on buying it, though the bullion value of the silver we hold is worth at least \$17,000,000 less than we paid for it. We have not only bought this enormous quantity of depreciated silver, but have given it to the people in circulation and for circulation purposes have held it at par with gold, notwithstanding its commercial decline. We have pledged the public credit; we have maintained redemption and exchangeability; we have risked the greatest dangers to maintain its parity so that every dollar of the people should be as good as every other dollar. And yet we are told that we have done nothing for silver.

II.

FREE COINAGE MEANS THE SILVER STANDARD.

All this is made to count for nothing, and we are now again confronted with the demand for independent free and unlimited coinage without regard to other nations. To this demand, having thus cleared the way, I now address myself. What is free coinage? The standard silver dollar is now worth about fifty cents. Free coinage means that the Government shall receive all the silver which

may be presented, and upon every fifty cents worth put the stamp of one dollar. As nobody, however, expects it to be coined, it really means that the Government shall issue its note for one dollar in exchange for fifty cents' worth of bullion, and that this note which the favored bullion owner gets for fifty cents' worth of his commodity shall be made a legal tender for one dollar in current circulation. Now, what would be the result? It would be the forced circulation of a dollar worth one-half its face. It would be the debasement of the unit of value, and so the violent disturbance of all values. It would be the destruction of stability, and so the overthrow of confidence, security and prosperity.

Let me be entirely frank. I know the advocates of free coinage claim that their measure would raise silver to the standard of gold, or perhaps they would prefer to put it, reduce gold to the standard of silver—that, in a word, it would establish parity. They point to the fact that the silver or silver certificates already in circulation have been kept at par at the ratio of sixteen to one, notwithstanding a far different market ratio. This is true because we have limited the coinage or purchase, because we have maintained the gold reserve, because we have pledged the whole credit and power of the Government to sustain parity. But when we enter upon unlimited coinage under present conditions we embark upon a new and dangerous sea. The free silver champions contend that our silver policy has failed because we haven't gone far enough, and they insist that free coinage would bridge the divergence and remove the disparity of the two metals. There is no other pretence upon which it can be defended for a single instant. If it does not establish the equivalence of gold and silver at the determined ratio it is rank repudiation and dishonor. It is the wilful adoption of a debased standard and the compulsory circulation of a depreciated dollar, with its robbery of labor, its unselement of all values, its derangement of all finance and trade, and its incalculable wrong and dangers in every direction.

But what possible hope can there be, in the light of the facts already before us, that free coinage will re-establish parity? It was claimed just as confidently that the purchase act of 1890 would do it. What was the fact? Its first temporary effect was to raise silver so that the bullion value of a dollar which was seventy-four cents in 1890 advanced for a short time to eighty-four cents; but it soon dropped back to seventy-two cents and has been falling ever since. We were then buying pretty nearly the entire silver product of this country. It must be remembered, too, that India, the great sink of silver in the east, was still under free coinage. While we were coining or purchasing nearly \$600,000,000 of silver India was coining over \$600,000,000, and during all this time and in spite of this great market silver kept on falling. India has since stopped her free coin-

age, and how, then, can we hope to do alone what the two together could not do?

Do you realize what free coinage by the United States alone involves? It involves one of two things,—either the lifting up of the entire volume of silver in the world to the standard of gold, or else the dragging down of the United States to the single standard of silver. There is no possible escape from one horn or the other of this dilemma. The visible stock of silver in the world is about \$4,000,000,000. Europe has over \$1,000,000,000. The product of the United States in 1893 was 60,000,000 ounces. The annual product of the world has grown from an average of 40,000,000 ounces between 1860 and 1870 to an aggregate of 160,000,000 ounces. For the United States alone to enter upon free coinage means that we must stand ready to buy all of this vast stock that may be attracted by our open hand and open mint, and that, while it is now at a ratio of thirty-two to one, we must undertake the stupendous and impossible task of lifting it to equivalence with gold at the ratio of sixteen to one. It means not only that we shall stimulate and inflate our own product but that Europe will dump its surplus silver on us. I know the silver extremists deny this truth. I know they allege that the silver of Europe is in use as coin and that it could not be sent here without a loss. But this answer will not bear examination, as a moment's consideration will show.

Ever since bimetallism was abandoned, Europe has been strug-
gling for gold. With the adoption of independent free coinage in this country that struggle would gain new force because it would be noticed that the reestablishment of bimetallism had been indefinitely postponed. The bank of France has \$250,000,000 of silver, not in circulation, but locked up in its vaults. The bank of Germany has over \$150,000,000. The bank of Spain has about \$50,000,000, the bank of the Netherlands \$35,000,000 and others varying amounts. There are over \$450,000,000 stored in nine banking houses. This silver is worth nothing to them beyond its bullion value. It serves as a part of the metallic reserve for their paper money; but they could better sustain more paper on gold, and if they could make the substitution by sending this silver to the United States and exchanging it for gold, why wouldn't they do it? Let me give you commanding authority. Henry Cernuschi is the ablest champion in Europe of the restoration of silver and the recognized leader of the bimetallists. In his pamphlet on "The Great Metallic Powers," he says: "As soon as the coinage of silver by the United States was free Europe would act toward the United States just as Germany acted toward France, so long as France coined silver. Europe would demonetize large masses of silver and send them to Philadelphia to get them made into dollars, with which dollars she would get

gold dollars despatched to her." And again: "Why is not the coinage of silver free in France? Because, were the coinage free, all the gold would emigrate, and France, deprived of gold would no longer have a monetary medium either with England, or with Germany or with the United States. Very venturesome would be those who should recommend the United States of America to undertake single-handed what France will undertake only triple-handed." Wise counsel and admonition from the greatest of the friends of silver.

Let me add another impressive warning. And in order to make it specific will you pardon a personal allusion, and a statement which I have never publicly made before and in making which at the present time I hope I am not altogether indiscreet. In 1889 when the bill for the free coinage of silver was pending in the United States Senate, I had the honor of being the American Minister at St. Petersburg. The Russian Minister of Finance was Mr. Vishnegradzki, who died only last Saturday—a statement of extraordinary capacity and perhaps the ablest Finance Minister in Europe at the time. I had occasion one day to call upon him, and I found him with a copy of the American free coinage silver bill, then under debate in the Senate, lying open on the table before him. His first expressions revealed his profound interest in the subject. He had studied the details of the bill to the minutest particular. He did not hesitate to pronounce it a most remarkable measure involving a most disastrous policy which, as a friend of the United States and of safe finance, he hoped she would not undertake. He inquired carefully after its prospects, and then in earnest words came the pregnant climax, which as others were involved, I shall not in this public declaration venture to repeat in as specific a form as he gave it in that more confidential talk. But he said in substance: "If this bill becomes a law the United States will expose herself to dangers of which she has perhaps little idea; there is a great deal of silver in Europe; we have some in Russia; already the proposition has been made to me to join in a movement, in the event of the American adoption of free coinage, to unload a part of Europe's silver on the United States; but I believe this measure and this action would bring calamity and I hope the United States will make no such mistake." It was the clear vision and the weighty remonstrance of a statesman looking on with the truer perspective of distance and speaking with direct personal knowledge of dangers which the silver extremists profess to scout and deride.

With free coinage the surplus silver of the world would flow toward our shores as infallibly as the dropping apple seeks the ground. It would flow here because this would be its one great market at a price not offered anywhere else. Realizing the danger of this deluge some of the silver radicals have proposed to limit free

coinage to the American product. But none of the free coinage bills has ever embraced that limitation. And if you tried it how could you do it? With a temporary artificial and exaggerated price here how could you prevent foreign silver from finding its way across our borders, as it was done in the past? Besides, suppose it were possible to succeed in such a restriction, that would not be free coinage at all. It would not lift silver in the markets of the world; it would not remove the disparity between the two metals; it would not therefore, carry the only condition upon which free coinage could possibly be justified; it would simply enable anybody who has fifty cents worth of silver bullion to take it to the mint and have it stamped one hundred cents, or take it to the treasury, which would issue its note for it and force you and me to receive it for a dollar. Are the American people ready for that amazing folly?

Free coinage, I repeat, means that we must be prepared to buy the silver of the world. What would be the effect? Gold coinage would immediately stop. Who would bring gold to be coined when it was undervalued one-half? We should pay for the great influx of domestic and foreign silver in notes redeemable in coin. The notes would be presented and gold demanded. If gold were paid by the treasury how long under this great demand would the reserve last? If gold were refused we should be instantly on the silver basis, and the treasury notes and the whole circulation of the United States would fall to the silver level. Under such conditions gold and silver would not circulate side by side. Gold would go to a premium. Every dollar would be locked up or exported. The Government, stripped of its gold, would be forced to pay its creditors in silver, and that payment would reduce us at once to the silver standard. There is thus under free coinage no escape from one of the two alternatives, either that we must by our action alone raise the silver of the world to the gold standard, which is manifestly impossible, or we must drop to the silver standard.

III.

EFFECT OF THE SILVER STANDARD.

This then being clear, we come to the next question. What does the silver standard mean and what would be its effect? This question involves such broad considerations and such tremendous consequences that time will permit me to touch on only a few of them. The silver dollar is intrinsically worth fifty cents. It passes for a dollar because by limited coinage and full exchangeability, the Government has kept it at par with gold. Under free coinage it would be worth whatever the world should rate the silver in it as worth. It might be fifty cents; it might be more; it might be less. It would follow all the fluctuations of a varying commodity, going up with the demand and going down after the deluge. It would

still be called a dollar, but only because the real dollar unit of value had been expelled; and it would be a dollar in fact just as much as if we were to lock up all the present yard-sticks and were to make a new unit of length consisting of a foot and a half, and were to assume that calling it a yard would make it a yard. If it takes ten yards of cloth now to make a robe, ten yards under the new unit would leave the costume decidedly decollete! Wage-earners might receive as many nominal dollars as before, but the purchasing power of the dollar would measureably be cut in two. The Mexican dollar contains more silver than the American dollar. Yet the American silver dollar will buy twice as much in Mexico as the Mexican silver dollar. The American silver dollar is quoted in London at one hundred cents and the Mexican silver dollar at about fifty cents. Why? Because Mexico has free silver coinage and we have not; because Mexico is on the silver basis and we are not. But the free coinage advocates would put us there, and so put our dollar down to the level of the Mexican dollar.

The serious menace of such a change would bring on a great financial convulsion, and its accomplishment would involve a complete economic revolution. It was the apprehension of going to the silver standard that largely caused the monetary panic of 1893, and any real impending danger of such a catastrophe would produce a financial cataclysm that is appalling to contemplate. It would excite alarm at home and abroad; it would tumble our American securities back upon us; it would dry up the springs of credit, restrict loans, paralyze enterprise, cripple trade and industry, halt investments, and repeat on a larger scale the bitter experience of that disastrous crisis of two summers ago. Even if the silver standard presented the advantages which some extremists profess to think the pathway to it would be strewn with too many wrecks and darkened with too much sorrow and sadness to be prudently undertaken.

But suppose, running these risks and making these sacrifices, we had plunged to the silver standard, what then? Practical object lessons are more vivid and convincing than theoretical discussions. Let us take a few object lessons. The amount of deposits in the savings banks of the United States is \$1,747,961,280 and the number of depositors 4,777,687. The average to each depositor is \$365.86. The silver standard means that on an average every one of these nearly five million people deposited \$365, each dollar worth one hundred cents in gold, and would draw out \$365 in silver, each worth fifty cents. The savings of the working people of Pennsylvania go largely into building and loan associations. Nevertheless, there are in this State 248,244 savings bank depositors with an aggregate deposit of \$66,025,821 and an average individual deposit of \$265.97. The silver standard means that every one of these 248,244 Penns-

sylvanians put in 265 hard earned one hundred cent dollars, and would draw out 265 fifty cent dollars.

Pennsylvania has 1,239 building associations, with assets amounting to \$103,943,364 and a total membership of 272,580. All of these members are in their organized capacity lenders, and each is in turn a borrower. Each is a capitalist and belongs to the much denominated "creditor class" to the extent of \$381. These associations received last year \$44,432,686 and divided \$12,933,970. The whole system depends on the value of the assets in the shape of mortgages, and collapses unless that is sustained. On the silver basis these 272,580 persons, all wage earners, would find their \$103,943,364 cut in two, and the only persons who would get any compensation would be the fraction of borrowers at that particular time. Take another illustration. The aggregate pension disbursements last year were \$140,772,163.78 and the number of pensioners 963,544, of whom 754,382 are the gallant invalid veterans defenders of their country and 215,162 are the widows or orphans of Union soldiers. The payment to each pensioner thus averaged \$144. The number of pensioners on the roll of the pension office at Philadelphia is 57,749 and at Pittsburgh 45,774, a total of 103,523, nearly a ninth of the whole number in the Union. Under the silver standard the \$144 going on an average to each of these nearly million pensioners would be fifty cent dollars, worth seventy-two real dollars.

Take still another and impressive illustration. On January 1, 1894, the life insurance policies in this country numbered 7,505,817, representing insurance of \$5,291,824,900, and assets of \$919,310,131. Considering wealth and population together, at least an eighth of this insurance is held in Pennsylvania, or say 1,000,000 policies—sometimes more than one for the same person—representing \$650,000.00 of insurance and \$120,000.00 of assets. The average amount of a policy is \$700, and so the great mass of policy holders are persons of moderate means. The security for the payment of this vast insuree is two-fold; first, existing assets, either mortgages or shares and bonds, and their value or income would be cut in two by going to the silver basis; second, fixed annual premium payments, and their purchasing power in investments would be halved, since the amount was fixed on the gold basis and would be paid on the silver basis. Of life insurance assets seventy-five per cent. are mortgages or shares and bonds, and this colossal contract for the future, involving in Pennsylvania alone nearly 1,000,000 policies and \$650,000.00 of insurance, would by the silver standard be depreciated one-half in value.

There is yet another and momentous danger. The amount of American securities owned abroad is generally placed at about \$2,000,000,000. Speaking in the House of Commons in 1893 of the volume of British investments outside of the United Kingdom Mr.

Gladstone said: "One thousand million pounds would probably be an extremely low and inadequate estimate. Two thousand millions—that is, in round numbers, ten thousand million dollars—or something even more than that, is very likely to be nearer the mark." Burdett's Official Intelligencer for 1894 places the aggregate of foreign securities held by British investors, based on the income tax returns, at \$5,819,635,000. The United States has one-half the railroads and telegraphs of the world, and it has a fifth of the British foreign trade. It is therefore a reasonable presumption that some fraction between a fifth and a half of the British foreign holdings are American—some figure between \$800,000,000 and \$1,900,000,000. Add other European holdings and the aggregate will reach \$2,000,000,000 or over, on which from \$60,000,000 to \$100,000,000 are annually paid in dividends and interest. This amount is now paid in dollars worth in London one hundred cents. On the silver basis it would be paid in dollars worth in London fifty cents. Under such circumstances, how long would it be before these securities would be precipitated upon our market with all the consequences of such a movement?

The stock of the Pennsylvania railroad aggregates \$129,289,000. Of this amount forty-six per cent, or about \$60,000,000 is held abroad. Imagine the effect of having even a half of this vast proportion or a quarter of all the shares of the Pennsylvania thrown on the market. This would be inevitable unless the dividends were paid in gold, and to do that would require either doubling the amount set apart or halving the dividends. Not a few bonds are made specifically payable in gold. In every such case it would take just as much money to pay the premium on gold as would be available for the dividend or interest. The effect on all railroads may be shown by a single illustration. The Illinois Central pays five per cent dividends. This takes \$2,500,000. Last year the road had \$2,963,275 available, leaving a surplus of \$463,275. Of the stock about forty per cent, is held abroad. To pay the foreign stockholders requires \$1,000,000. If they are paid in gold \$2,000,000 would be required, and so the whole dividend must be cut down. If they are paid in silver the value abroad will be cut in two and the foreign holder will sell. How can such a situation fail to bring a crash?

These are a few illustrations of what isolated free coinage and the silver standard involve. But it is claimed that if we were on the silver basis we should enjoy great advantages in foreign commerce and command the trade of the silver countries. We should, indeed, put ourselves financially upon the level of Mexico and China and India, but with what result? The imports of the gold standard countries amount to over \$8,000,000,000 a year, and those of the silver standard countries to less than \$1,000,000,000. The exports of

the gold standard countries reach annually \$7,000,000,000 and those of the silver standard countries only \$1,000,000,000. Why should we abandon the advantages of the former in a struggle for the latter? During the last fiscal year our exports to Europe amounted to \$690,000,000 and our imports to \$274,600,000. Here was a balance in our favor of \$415,000,000, which was paid or credited to us in gold value. During the same time our exports to the silver countries amounted to \$42,000,000 and our imports to \$170,000,000. Here was a balance against us of \$128,000,000. We should continue to pay this sum in silver or its equivalent as we do now; but why should we be so idiotic as to put ourselves on the silver basis in order that Europe may pay us \$415,000,000 a year in silver values instead of gold values? Why should we upset our monetary medium with the great commercial nations, and subject our commerce to the incalculable tax and burden and depression of a constantly uncertain and fluctuating exchange?

We hear men talk loosely of the debtor class and the creditor class and flippantly reason that so-called "cheap money" would help debtors at the expense of creditors. Who are the debtors and who are the creditors? The creditors are every depositor in a savings bank, every member of a building association, every pensioner, every holder of an insurance policy, every workingman who has saved anything out of his earnings and put it into institutions or investments dependent on public security and honesty. Borrowing requires credit. It is the well off, not the poor, who borrow most. The borrowers will be found more on the stock market than on the farm or in the work shop. If a man seeks loans for legitimate enterprise or needed development, he is most interested in maintaining the public credit and confidence which makes easy terms and low rates. What he wants is not cheap money, but cheap loans. Repudiation is most costly to borrowers. It multiplies the risks and hardens the conditions. Depreciate the unit of value and you cheat every member of the industrial classes. The great body of workingmen would be the worst sufferers. Prices on a silver basis would advance because they would be paid in debased money but the last thing to rise would be the wages of labor, and the sons of toil to whom the false appeal is most cunningly made should be the most determined to resist and reject it.

The depreciated currency which is called "cheap money," but which in reality is the dearest, is the most insidious and deadly of all public perils. It deceives and deludes the unwary. It comes in attractive guise. It is, as has been said, like the cub of the lioness, described by the Greek poet, which was rashly taken by the hunter into his house. When it was young it was fondled by the children; but when it grew and felt its strength it deluged the house

with blood. There are those who unthinkingly fondle this young financial folly; but let it develop and it will fill the country with sorrow and ruin. The dangers of the silver delusion are so clear that some of the extremists recoil from the abyss. They tell us they have not advocated independent free coinage. I do not wonder that they shrink from their own conclusion. But their record confronts them. They have voted for free coinage. They have sustained and upheld those who voted for it. They have denounced those who did not accept it. Their argument means free silver coinage, or it means nothing. If they renounce the conclusion, let them renounce the contention. If they hesitate to plunge into the chasm, let them not lead up to the brink.

IV.

INTERNATIONAL BIMETALLISM.

What, then, is the true remedy? To find the remedy we must find the cause. The free coinage extremists mistake the one and so misapply the other. They begin wrong, argue wrong and end wrong. They charge the fall of silver to the act of 1873 which is said to have demonetized it, and they say it has not been restored to its position because we have not done enough for it. But the act of 1873 had no more to do with the fall of silver than the last eclipse of the moon. We hadn't any silver to demonetize. We had coined only 8,000,000 silver dollars from the foundation of the Government, and for a quarter of a century before 1873 there hadn't been a dollar in circulation. As to our subsequent treatment of silver, I have shown that since 1873 we have done seventy-two times as much for the silver dollar as we did in all our previous history, and, in spite of this, silver kept on falling.

What, then, has caused the great monetary dislocation of the past twenty years? It was not the demonetization of silver in the United States, but the overthrow of bimetallism in Europe. We had practically no silver coinage, and our act had no effect. Europe had \$1,000,000,000 of silver coinage and her proscription of silver and the stoppage of her demand brought the derangement. For nearly two hundred years gold and silver had maintained a practically steady ratio. The production of the two metals had fluctuated in the most remarkable degree. During the first forty-five years of this century the output of silver enormously exceeded that of gold. During the next twenty-five years the conditions were reversed, and the output of gold enormously exceeded that of silver. Within the quarter of a century following 1850 the mines of the world poured forth as much gold as during the entire preceding three centuries and a half from the discovery of America by Colum-

Yet through these extraordinary changes in the relative quantity of gold and silver there was substantially no change in their relative value. The steady influence was the bimetallic system. Not all of the nations, indeed, had bimetallism. England had the gold standard; Germany and Austria had the silver standard; France and her associates of the Latin Union had the bimetallic standard; and with Germany's silver balancing England's gold, France and the nations of the Latin Union served as what Walter Bagehot called "equalizing machines," and upheld the monetary equilibrium. In 1871, two years before our much-abused and unimportant act of 1873 Germany abandoned the silver and adopted the gold standard, and began to accumulate gold and sell her silver coin. Within seven years she sold \$150,000,000 worth which flowed across the borders of France and Belgium. France and the Latin Union became alarmed and closed their mints to silver. Holland and other nations followed. The European outlet for silver was cut off. At the same time the imports of silver into India fell off from 100,000,000 rupees a year to 30,000,000. While the demand was thus largely reduced the supply was largely increased. The annual production of silver was more than doubled just as this restriction of its use began, and it kept on until it was more than quadrupled.

Here then is the cause of the monetary disturbance and here lies the remedy. The uniformity in the relative value of gold and silver prior to 1873 was maintained by the bimetallic system; it was broken by the general abandonment of that policy, and it can only be reinstated by a general return. The restoration of silver must come through the concurrent action of the commercial nations. The enlightened opinion of the world recognizes these truths. The entire twelve members of the British Gold and Silver Commission agreed that it was the bimetallic system which preserved the stable ratio between gold and silver down to 1873. The six gold monometallist members agreed that bimetallism is practicable and desirable for other nations though they hesitated to recommend it for England. The remaining six members declared themselves unwillingly for bimetallism by international agreement. Germany, perceiving the great mistake she made in 1871 has declared for an international conference. England, impelled by the distress among her producing classes, is advancing towards this policy. France has been for it from the beginning. The depression of Europe urges it.

The palpable advantages of bimetallism are gaining ground for it every day. It broadens the monetary basis of credit and enlarges the stock of available sound money. It establishes monetary unity. It makes an approximately fixed par of exchange between gold and silver countries. It promotes stability of values. It minimizes the evils of an appreciating metal on the one hand or of a depreciating

metal upon the other. The restoration of this system is the restoration of silver and as its collapse was international so its rehabilitation must be international.

And now what is our true American policy? We do not want to rest upon gold alone or upon silver alone. We want the joint use of the two metals upon conditions which will make every dollar as good as every other dollar in the pockets of the people, and in the markets of the world. We want the re-establishment on a broader scale of that bimetallic system which for seventy years, through the severest strains, through periods when the silver output was three times as great in value as the gold and through periods when the gold output was nearly five times as great as the silver, still kept them at a stable ratio and maintained the monetary equilibrium of the nations. To accomplish this result it is our duty to set our faces like adamant against the independent free coinage which would indefinitely postpone bimetallism and simply plunge us upon the silver basis. We ought to learn from our own experience. We have done more to promote the growth in Europe of a demand for international bimetallism since we stopped the purchase of silver in 1893 than we did during all the years when we were buying \$600,000,000 of silver. So long as we alone were carrying the burden Europe smiled and remained passive. When we had sense enough to stop, Europe began to be aroused to the necessity of action.

Let us emphasize that lesson. Let us say to Europe by our acts as well as by our words: "We desire international bimetallism; we believe the business of the world will be better for the broadest use of both metals, but the initiative now rests with you. Bad as the present situation is we can stand it as long as you can. We know the German agriculturists are crying out for relief. We know the Lancashire cotton spinners are in distress and all the Indian exchanges are in confusion. We are ready to join you in an international agreement for the restoration of bimetallism; but if you are not ready and if it is to be a struggle for gold we are going to meet you on that ground. Your London market was shaken when Mr. Vishnegradski boldly went in and bought \$70,000,000 of gold to build up Russian credit. You were watchful and solicitous when Austria began to buy gold to rehabilitate her finances. You replaced that treasure by drawing on us. We know that France has wisely acquired \$200,000,000 of gold while we have foolishly parted with that amount. But we are richer and stronger, more self-sustaining and more powerful in resources than the greatest of your nations; and if you are not prepared for bimetallism and if it is to be a contest for the accumulation of gold, then we give notice that we are going into the markets of the world to buy \$100,000,000 or \$500,000,000 if necessary, in order to take care of ourselves." Such a notice would settle the question inside of six months. Europe

would seek a conference and international agreement would follow. That is the solution of the question. Independent free coinage is the pathway to the single silver basis and to untold calamity. The restoration of bimetallism through international agreement is the pathway to honor, safety and prosperity.

I am not here to raise any personal issue. But I am here from a profound sense of public duty to resist a false and dangerous policy, and to sound a solemn warning against any attempt to commit our noble Commonwealth of Pennsylvania to a course of dishonor and disaster. It is not the first time there has been a proposal that Pennsylvania should falter in her devotion to honest money and true public faith. There was an hour when the delusion of inflated and depreciated paper seized upon some minds, as the delusion of inflated and depreciated silver seizes upon them now. It was kindred in motive and inspiration and peril. There were men then as now who were disposed to palter with it. But a distinguished leader of Republicanism, with the sanction and support of the then Chairman of the State Committee, boldly met the heresy on the platform, and the integrity and rectitude of Pennsylvania were preserved. Let us confront and confound the present heresy and danger with the same determination and fidelity. Let us stand inflexibly for the honest money which lies at the foundation of all business security and in which every dollar, whether of gold or silver or paper, shall have full exchangeable equality with every other dollar.

Addressing myself more particularly to those of my own political faith, let us hold ourselves in harmony with the Republican creed and leadership of the country. Let us strengthen the hands of Balfour and Courtney, of Gibbs and Houldsworth in England, of Cernuschi and Tirard in France, of Arendt in Germany, of Allard in Belgium and of Boissevain in Holland who, with their allies, are fighting the battle of bimetallism in Europe. Pennsylvania is distinguished in the national arena for the dexterity of her political skill. She has no interest which is not the common interest of the whole country. Her rich resources are the pregnant seed and her splendid development is the ripe fruit of a broad national American policy. Let her then have no uncertain tone in her voice. Let her assert herself in the realm of ideas as well as in the realm of management, and let her, in National Convention and in national councils, take her just place in the leadership of policies and principles.

At the close of the address a large portion of the audience thronged to the clerk's desk where Mr. Smith held an impromptu reception for fully fifteen minutes during which time he met a large number of the members of the House and Senate.

**END OF
TITLE**